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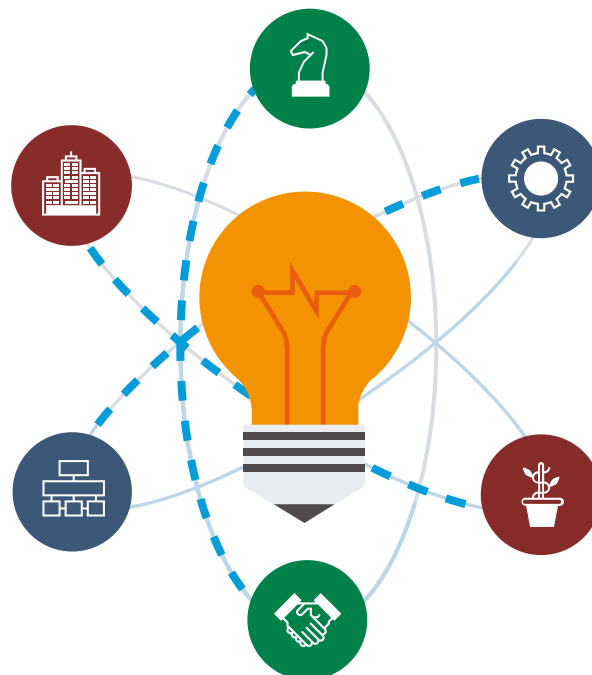
*Updated: December 18, 2018*

# Strategic Planning (<https://sba.thehartford.com/business-management/what-is-strategic-planning/>)

Eric Vo

[Strategic Planning \(https://sba.thehartford.com/tag/strategic-planning/\)](https://sba.thehartford.com/tag/strategic-planning/)

Feedback



# What Is Strategic Planning?



You probably know where you want to go with your business, but how do you get there? And if you have employees, vendors, investors and partners, how do you get them all on board and heading in the right direction. The answer: with a strategic plan.

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**Start scrolling to get started!**

## **An introduction to strategic planning**

A strategic plan is a document that establishes the direction of your small business—by assessing both where you are and where you're going.

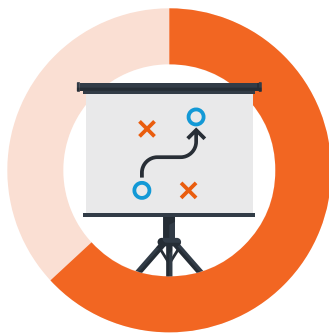
The strategic plan gives you a place to record your mission, vision, and values, as well as your long-term goals and the action plans you'll use to reach them.



A well-written strategic plan can play a pivotal role in your small business's growth and success because it tells you and your employees how best to respond to opportunities and challenges.

Despite the benefits of having a strategic plan in place, a growing number of small business owners aren't focusing on the long-term strategies of their businesses.

In a 2018 Constant Contact survey ( ) of 1,005 small business owners:



**63%**  
said they plan only a  
year (or less) in advance

If you're one of these small business owners, it's not too late to think differently. Your future success depends on effective strategic planning. It's a process of looking ahead that should involve your entire business, and the discussions can lead to meaningful changes in your business. Strategic planning consists of analyzing the business and setting realistic goals and objectives.

This leads to the creation of a formal document that lays out the company's views and goals for the future.

## Benefits of strategic planning

The strategic planning process can take some time, but it's beneficial for everyone involved. As the small business owner, you'll have a better idea of the goals and objectives you want to accomplish and a path to do that.

For your employees, the process can foster an increase in productivity—contributing to the success of the business.

### Communication



The strategic planning process should involve your employees. Your employees are involved in the day-to-day operations and can provide you with a unique view of the company. Employees can share with you what they think is and isn't working with the business today, which can inform your planning for the future.

In addition to your employees, it's beneficial to reach out to people outside of your company to get their opinions. Like your employees, vendors have a unique perspective on your industry. Talk to them about the business, and get their thoughts on how they think the business landscape can change in the future.

The U.S. Small Business Administration recommends that the strategic planning process be a flexible one. When you meet with your employees and any people outside of the company, remember that the discussions should encourage new ideas and thoughts.



### **Productivity**

Involving your employees in the strategic planning process also means they receive a sense of accountability that can increase productivity. Whether they contributed in the process or were informed of the business's goals and objectives after the strategic plan was created, they'll be more likely to want to help you achieve those targets.



### **Identifying strengths and weaknesses**

As part of the strategic planning process, you'll examine and analyze your entire business. You'll take a look at what your business does well and the areas where it still needs to improve. By identifying your business's current strengths and weaknesses, the process gives you and your employees an opportunity to improve in the future and become a durable business by minimizing risks.

Although you may have a good idea about what your business excels at and areas that need to be improved upon, don't forget to involve your employees. They may tell you something you didn't think of.



## Setting the direction of the business

By the end of the strategic planning process, you and your employees should have a clear direction of where you want the business to go in the future.

These discussions and the planning process itself help put the business in the best position to succeed in the future.

Strategic planning gives you and your business time to figure out how to grow over the next few years and how to address new opportunities and challenges.

Think about the challenges or issues your business may face in four or five years and plan accordingly so your business doesn't stumble down



Feedback

## The top challenges for small business owners in 2017 were:



**67%**  
lack of capital and/or  
cash flow



**24%**  
effective time  
management



**28%**  
effective marketing or  
advertising

## Strategic planning misconceptions

There are many misconceptions with strategic planning. From not having enough time or thinking it only benefits larger businesses, to fearing you'll put your business on the wrong path, there are a variety of reasons why business owners may be wary of strategic planning. But don't be alarmed; strategic planning can help your business—big or small—and the benefits far outweigh any perceived negatives.

Regardless of the size of your business, a strategic plan is beneficial. Whether you are a small business or a large corporation with hundreds or thousands of employees, strategic planning helps you make sure the company is headed in the right direction.



But how do you know if you're steering the company in the right direction? The beginning phases of strategic planning focus on research and discussions. The decisions you make during strategic planning aren't based on assumptions; they're based on research and information you've gathered while talking with your employees and people outside of your company.

The strategic planning process may seem daunting at first, but when you understand what's involved and how to do it, it's not that complicated. It takes time, but the amount you invest in the process pays off when everyone

in your company works toward accomplishing the goals and objectives you've laid out.

The process doesn't stymie creativity either. When you meet with your employees for strategic planning, you're asking everyone to have a discussion and brainstorm ideas. The strategic planning process puts everyone's minds together to think of creative ideas.

If you go through the strategic planning process once, don't think you won't have to do it again. The strategic plan is a living document; it should change over time. It's not uncommon for business owners to create a strategic plan with their employees and rarely—or never—revisit the document. Reviewing and evaluating your strategic plan regularly will help keep you accountable and on track to achieve your goals and objectives.

## **What makes strategic planning successful?**

Feedback

Successful strategic planning involves a team effort among you and your employees, as well as among you and your vendors and other outside people. The more you engage your employees with strategic planning, the better they'll understand the strategy you want to have for your business.

Strategic planning also needs to be flexible. While it's necessary to have goals and objectives for your business, you also have to be able to adapt to changes. It may take you longer than expected to achieve a particular goal; recognize that this isn't an issue and that you can incorporate changes to your plan to put you in a better position to succeed.

When strategic planning is successful, everyone in your business is on the same page with the business's direction and goals.

Each individual understands what makes the business stronger and what needs to be worked on. And it's more likely that each person wants to contribute to the business's growth and success.





# 37%

of businesses say that one of the main reasons strategic initiatives succeed is a good fit between specific initiative and general strategy

## When should strategic planning be done?

When it comes to strategic planning, you want to start it sooner rather than later. It doesn't necessarily have to be done in the first few days or weeks of the company's life—you may want to be in business for a few months to give yourself a better idea of what is and isn't working.



But even if you've owned your business for a long time, it's not too late to get started on strategic planning. It's never a bad time to sit down and think about the current status of your company and where you want to be in the next five to 10 years. When you're ready, gather your team together and schedule regular meetings dedicated to strategic planning.

## Where do strategic plans go wrong?

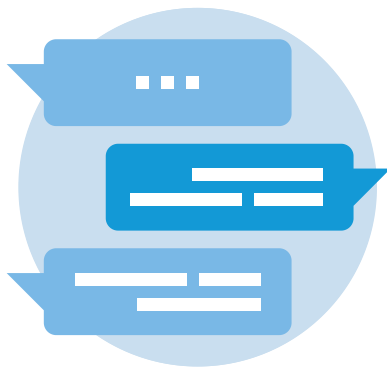
Strategic planning is an ongoing commitment. Even if you go through an initial round of strategic planning and it leads to the development of your business's first strategic plan, it's still not finished. The plan has to be implemented.

Plans also can go wrong if the goals and objectives you set are unrealistic. Every business owner wants to see their business grow and succeed, but if you set an overly ambitious growth rate, it could discourage you and your employees.

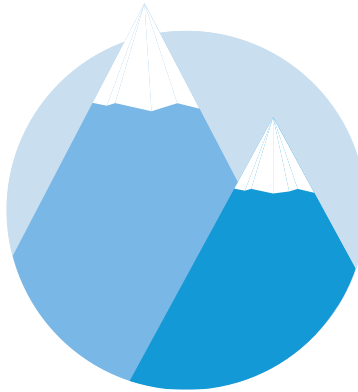


A successful strategic plan requires commitment. Your entire team needs to be focused on the business and carrying out the strategic plan. If the strategic plan isn't being used regularly or as the foundation of the business, you and your employees can lose sight of the company's direction and goals.

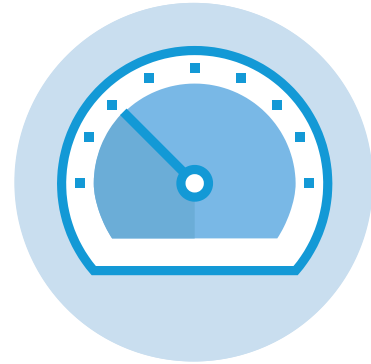
### The top three reasons strategy implementation fails:



Poor communication



Lack of buy-in



Using the wrong resources

## Reviewing and updating your strategic plan

A strategic plan is a living document. Don't spend the time to create a strategic plan and then put it on the shelf to collect dust. Live by it. And regularly update it. How often you should update your strategic plan depends on how your business works.

If your business works in a fast-paced industry and can be affected by changing outside factors, you should review and update your strategic plan on a more frequent basis. For example, if your business operates within the ever-evolving tech industry, you will probably want to check on your strategic plan after each quarter.



# 64%

of companies say their company is good or excellent at formulating strategy appropriate in changing market conditions

At the very least, you should review your strategic plan every year. When you review your strategic plan, you're looking at the assumptions made and checking to see where your business stands in relation to those assumptions. What you thought would be challenges and threats to your business a year ago may not be the same now. Don't be afraid to change any part of the strategic plan. If outside factors are having a bigger impact on your business than you initially thought, you may have to change your objectives or goals.

The regular review is also a good opportunity to check back in with your employees. Your employees helped you create the business's strategic plan and they're as invested in the success of it as you are. Give them a summary of where the business currently stands. Talk with them to see if things have improved or if they still have concerns with the business—or if any of their initial concerns have changed.

After you review the strategic plan, share any changes with your team. Even if you didn't make any changes, it's a good opportunity to give the rest of your company your thoughts on the business's status and confirm that things are on the right track. You also can encourage your employees to continue working hard to achieve the goals and objectives in the strategic plan.

## Strategic planning process

When it comes to the strategic planning process, think of it as having three phases: discussion, development, and review and updating.

The goal of the strategic planning process is to ensure everyone in the business is aligned when it comes to your small business's goals and objectives, as well as to create a formal strategic plan document.



### Discussion Phase

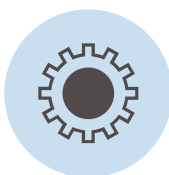
The discussion phase is meant to gather as much information, opinions, and input as possible. Set up a regularly scheduled meeting with the employees and any other staff in your business who will be involved with strategic planning. Make sure you have

an agenda and clear expectations of what you want to accomplish in each meeting. This will keep discussions on track and help prevent distractions. In the first few meetings, try to answer questions that will help you define the business's current status, such as, "Where are we now?" and "Where are our competitors?" Once you have a good idea of where the business is, you can focus in on specific details in future meetings.

In addition to regular meetings with your employees at your business, you can also reach out to vendors, investors, analysts, and other people outside of your company to gather information. External people will have a unique perspective on not only your business, but also the industry you're operating in. Getting their opinions on where they think the industry is going and what they think will change in the future can help you put together your strategic plan and determine where you want your business to be down the road.

You can also conduct a SWOT analysis. SWOT stands for Strengths, Weaknesses, Opportunities, and Threats. When you're conducting a SWOT analysis, you and your employees will examine what your business does well, where it can improve, any future opportunities to pursue that could help facilitate growth and success, and any competitors or external factors that could prevent the business from succeeding.

Opportunities available to your business may be pretty clear, while identifying threats to your business can be more difficult. Speaking with people outside of the company should give you a good idea of where the industry could be heading and if there are any major competitors or challenges coming. If you can identify a number of threats and challenges to your business early on, it puts you in a better position to address them if and when you encounter them down the road.



### **Development Phase**

After you've collected all of the information, it's time for the development phase. This is when you'll start putting together your business's strategic plan. A strategic plan consists of five

key components: a vision statement, a mission statement, goals and objectives, an action plan, and details on how often the strategic plan will be reviewed and updated.

Decide with your employees what you will use to create the strategic plan. Are you going to purchase software to help you create and house the plan? Or are you going to create the plan yourself and save it in the cloud for easier access?

When you're creating goals and objectives for your business, make sure they're realistic and measurable. Work with your employees to create goals and objectives for at least the next one to three years. And discuss how these goals and objectives will be measured and tracked.

For example, if you have a goal of increasing sales by 10% in the next year, you can track this by measuring sale numbers. Equally important is having an action plan to achieve these goals and objectives. If you're trying to increase your sales by 10% in a year, you can pursue more marketing and social media outreach as part of your action plan. If an action plan doesn't help your business achieve its goals, the plan needs to be rewritten.

Feedback



### **Review and Updating Phase**

A critical part of the strategic plan should address how often it will be reviewed and updated. Designate someone to be responsible for reviewing, updating, and sharing any changes with the rest of the company. Whether it's you or another employee, you'll want to make sure everyone in the business is aware of the changes and how they affect the overall strategic plan.

The strategic plan is meant to be a fluid document; don't fall into the trap of creating the document and letting it sit on a shelf for years. If you developed meaningful objectives and action plans, they should help with regularly checking the strategic plan. For example, if your action plan requires you to put in sales numbers every quarter to track revenue, you could take that time to review the rest of the plan.

When you're reviewing your strategic plan, you may find that you're not on track to meet an objective or goal that you previously set up. Don't panic. Reassess the situation and, if you need to, discuss the issues with your employees. Figure out what went wrong and why your business isn't on pace; maybe the goal was too ambitious or not realistic. Change the goal or objective and update the action plan to help you get back on track.

You also may find that your small business has met a goal or objective earlier than you thought you would. If so, you can create a new goal or objective to work toward, or try to maintain the progress you've already made. Discuss the ideas with your employees to see what they think is possible.

## Strategic planning template

A good strategic planning template is like a checklist. The template will include different sections for you to complete and help you cover a variety of topics. Using a thorough template will help ensure you have a comprehensive strategic plan for your business.

You can use computer software for your strategic planning template, or you can create your own with Microsoft Word or Excel.

Here's how to create a template for strategic planning:

- At the top of your template, label it "Executive Summary" and provide an overview of your business. Include the time period you're looking at for your business's strategic plan; for example, if the strategic plan provides a three- to five-year outlook.
- Underneath this section would be information on "Your Company." This is where you'll put in your mission statement, vision, values, and information on leadership.
- A section on "Research" will include information on your clients and

customers, competitors, and the industry.

- You can also create a section on “Products and Services,” which will detail any products you sell, pricing strategy, delivery systems and capabilities, and suppliers.
- A section of your template should focus on “Measurable Goals.” These should be realistic goals or objectives that you want your business to achieve within the time period you set. Don’t forget to include details on how the progress of each goal or objective will be measured.
- Whether you include it within the Measurable Goals section or as a stand-alone group in the template, don’t forget about your “Action Plans.” This provides an overview of how you and your employees are going to achieve your business goals and plans.
- You also can put your SWOT analysis into the template. List the identified strengths, weaknesses, opportunities, and threats with your business. Remember to be honest and candid. When you are reviewing your strategic plan in the future, you can reference the initial SWOT analysis and check to see what has changed.
- The last section should detail “Reviews and Updating.” Explain how often the plan should be checked (every few months, quarterly, annually, etc.). Provide a list of people who should be responsible for reviewing and updating the strategic plan, as well as communicating any changes with the broader business.

## Strategic plans for business

A strategic plan for a business will include the company’s mission and vision statement, as well as its goals and objectives and the action plans to achieve them.

The strategic plan is different from a business plan. The business plan is typically used to help start the business and acquire the necessary funds to open the doors. A strategic plan outlines the strategy for growth and success in the future by using existing resources.

The Canadian Soccer Association's strategic plan for 2014 to 2018 is full of information and details. It includes an examination of the organization's current status and what the focus in the future will be. It includes the goals and objectives of the Canadian Soccer Association, as well as the strategies it'll use to achieve them.

"Small Business Trends: A Look at the State of Small Business in 2018,"  
Guidant Financial and Lending Club, 2017

"Constant Contact Survey Reveals New Insights on 2018 Small Business Strategy, Outlook and  
Priorities,"  
Constant Contact, 2018

"Why Good Strategies Fail: Lessons for the C-Suite,"  
The Economist, 2013

"SurveyMonkey CNBC Small Business Confidence Survey,"  
SurveyMonkey, 2018

Feedback

## 11 Responses to "Strategic Planning"

**Wende Malster | November 29, 2018 at 6:27 pm**

Great article, thanks for spelling this out in such easy-to-read terms.

**Hannah Sullivan | December 3, 2018 at 8:41 am**

Thanks for your feedback, Wende!

**Patti Choby | January 23, 2019 at 10:06 am**

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Great summary “how-to” article for busy business owners. I often encourage our clients to start simple and achieve! This road map is an excellent way to jump in to real-life strategy setting!

**Hannah Sullivan | January 23, 2019 at 3:48 pm**

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Thank you, Patti!

**Leslie Smith | January 23, 2019 at 11:48 am**

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You have the BEST newsletter! This article was another great one. I shared it on all my social media platforms. I offer strategic planning services and this article is helpful in promoting my services. As well, most people think a strategic plan is ONLY for nonprofits. Thank you!

**Hannah Sullivan | January 23, 2019 at 3:49 pm**

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Hi Leslie, thanks so much for sharing!

**John Rice | January 23, 2019 at 6:15 pm**

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Great job. This was very helpful.

**Hannah Sullivan | January 24, 2019 at 8:19 am**

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Thank you for your feedback, John!

**Christyne Price | February 12, 2019 at 10:59 pm**

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Your article is helpful if you have employees, but how does this work if you have sub-contractors. Do you get them involved.

**Hannah Sullivan | February 13, 2019 at 12:56 pm**

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Hi Cristyne- please see the response below from Gene Marks.



**Gene Marks | February 13, 2019 at 10:28 am**

Hi Christyne,

Your question about involving subcontractors is an interesting one. To me, a plan should involve as many of those that are strategic to your business and getting as much feedback as possible – as long as it's relevant – should be the goal. So if you have a few good contractors (like my company does) that you think could contribute some value to the formation of your plan I say go for it.

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